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ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

**COMPONENT UNIT FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

As of and for the Two Years Ended
December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 13 1999

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

Component Unit Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended December 31, 1996

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MARAIST & MARAIST

CERTIFIED PUBLIC ACCOUNTANTS

(A PARTNERSHIP OF PROFESSIONAL ACCOUNTING CORPORATIONS)

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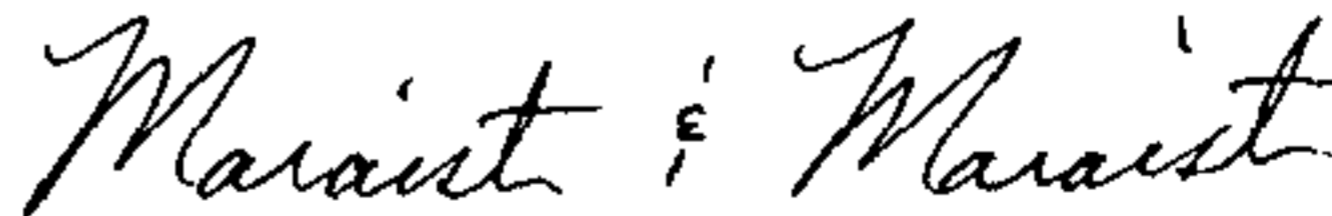
INDEPENDENT AUDITORS' REPORT

Board of Control
St. Martin Parish Library
St. Martinville, Louisiana

We have audited the component unit financial statements of the St. Martin Parish Library as of December 31, 1996 and for the two years then ended, as listed in the preceding table of contents. These component unit financial statements are the responsibility of the management of the St. Martin Parish Library. Our responsibility is to express an opinion on these component unit financial statements based upon our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Government", and the Louisiana Governmental Audit Guide. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the St. Martin Parish Library as of December 31, 1996, and the results of its operations for the two years then ended, in conformity with generally accepted accounting principles.



MARAIST AND MARAIST
CERTIFIED PUBLIC ACCOUNTANTS

St. Martinville, Louisiana
November 30, 1998

**COMPONENT UNIT FINANCIAL STATEMENTS
(OVERVIEW)**

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

(Statement A)

Combined Balance Sheet
December 31, 1996

	<u>GOVERNMENTAL FUND TYPE</u>		<u>ACCOUNT GROUPS</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>CAPITAL PROJECT FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM OBLIGATIONS</u>	
<u>ASSETS AND OTHER DEBITS</u>					
Cash and interest bearing deposits	\$ 570,582	\$169,980			\$ 740,562
Receivables	779,627	-0-			779,627
Land, buildings, furniture, equipment, books, etc.			\$ 246,913		246,913
Amount to be provided for retirement of general long-term obligations				\$19,662	19,662
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$1,350,209	\$169,980	\$ 246,913	\$19,662	\$1,786,764
	=====	=====	=====	=====	=====
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 8,905				\$ 8,905
Compensated absences payable				\$19,662	19,662
Other liabilities	24,406				24,406
	-----	-----	-----	-----	-----
Total Liabilities	\$ 33,311	NONE	NONE	\$19,662	\$ 52,973
	-----	-----	-----	-----	-----
<u>FUND EQUITY:</u>					
Investment in general fixed assets			\$ 246,913		\$ 246,913
<u>FUND BALANCES:</u>					
Unreserved-undesignated	\$1,316,898	\$169,980			1,486,878
	-----	-----	-----	-----	-----
Total Fund Equity	\$1,316,898	\$169,980	\$ 246,913	NONE	\$1,733,791
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$1,350,209	\$169,980	\$ 246,913	\$19,662	\$1,786,764
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana
GOVERNMENTAL FUND TYPE

(Statement B)

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 1996

	<u>GENERAL</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECT</u> <u>FUND</u>	<u>TOTAL</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 715,261	\$ -0-	\$ 715,261
State funds:			
State revenue sharing	61,437	-0-	61,437
Grants received	4,110	-0-	4,110
Fees and charges for library services	11,338	-0-	11,338
Fines and forfeitures	5,249	-0-	5,249
Use of money and property- interest earnings	44,920	9,786	54,706
Other revenues	-0-	-0-	-0-
	-----	-----	-----
TOTAL REVENUES	\$ 842,315	\$ 9,786	\$ 852,101
	-----	-----	-----
<u>EXPENDITURES</u>			
Culture and recreation:			
Personal services and related benefits	\$ 380,491	\$ -0-	\$ 380,491
Operating services	110,246	-0-	110,246
Materials and supplies	36,465	-0-	36,465
Travel and other charges	9,808	-0-	9,808
Capital Outlay	118,193	14,378	132,571
	-----	-----	-----
TOTAL EXPENDITURES	\$ 655,203	\$ 14,378	\$ 669,581
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES OVER EXPENDITURES	\$ 187,112	\$ (4,592)	\$ 182,520
	-----	-----	-----
<u>OTHER FINANCING SOURCES</u>	NONE	NONE	NONE
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ 187,112	\$ (4,592)	\$ 182,520
	-----	-----	-----
FUND BALANCES AT BEGINNING OF YEAR	1,129,786	174,572	1,304,358
	-----	-----	-----
FUND BALANCES AT END OF YEAR	\$1,316,898	\$169,980	\$1,486,878
	=====	=====	=====

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana
GOVERNMENTAL FUND TYPE-GENERAL FUND

(Statement C)

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 613,946	\$ 613,946	\$ -0-
State funds:			
state revenue sharing	58,862	58,862	-0-
Grants received	4,110	4,110	-0-
Fees and charges for library services	11,338	11,338	-0-
Fines and forfeitures	5,249	5,249	-0-
Use of money and property- interest earnings	53,131	44,920	(8,211)
Other revenues	-0-	-0-	-0-
	-----	-----	-----
TOTAL REVENUES	\$ 746,636	\$ 738,425	\$ (8,211)
	-----	-----	-----
<u>EXPENDITURES</u>			
Culture and recreation:			
personal services and related benefits	\$ 377,851	\$ 364,703	\$ 13,148
operating services	123,106	110,699	12,407
materials and supplies	37,291	36,694	597
Travel and other charges	10,000	9,856	144
Capital Outlay	122,239	115,144	7,095
	-----	-----	-----
TOTAL EXPENDITURES	\$ 670,487	\$ 637,096	\$ 33,391
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES OVER EXPENDITURES	\$ 76,149	\$ 101,329	\$ 25,180
	-----	-----	-----
<u>OTHER FINANCING SOURCES</u>	NONE	NONE	NONE
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ 76,149	\$ 101,329	\$ 25,180
	-----	-----	-----
FUND BALANCES AT BEGINNING OF YEAR	1,129,786	1,129,786	-0-
	-----	-----	-----
FUND BALANCES AT END OF YEAR	\$1,205,935	\$1,231,115	\$ 25,180
	=====	=====	=====

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana
GOVERNMENTAL FUND TYPE

(Statement D)

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 1995

	<u>GENERAL</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECT</u> <u>FUND</u>	<u>TOTAL</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 647,256	\$ -0-	\$ 647,256
State funds:			
State revenue sharing	57,303	-0-	57,303
Grants received	3,738	-0-	3,738
Fees and charges for			
library services	9,109	-0-	9,109
Fines and forfeitures	5,988	-0-	5,988
Use of money and property-			
interest earnings	22,777	7,293	30,070
Other revenues	1,263	-0-	1,263
	-----	-----	-----
TOTAL REVENUES	\$ 747,434	\$ 7,293	\$ 754,727
	-----	-----	-----
<u>EXPENDITURES</u>			
Culture and recreation:			
Personal services and	\$ 396,482	\$ -0-	\$ 396,482
related benefits			
Operating services	114,087	-0-	114,087
Materials and supplies	35,474	-0-	35,474
Travel and other charges	10,179	-0-	10,179
Capital Outlay	89,512	26,669	116,181
	-----	-----	-----
TOTAL EXPENDITURES	\$ 645,734	\$ 26,669	\$ 672,403
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES			
OVER EXPENDITURES	\$ 101,700	\$(19,376)	\$ 82,324
	-----	-----	-----
<u>OTHER FINANCING SOURCES</u>	NONE	NONE	NONE
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES AND			
OTHER SOURCES OVER EXPENDITURES	\$ 101,700	\$(19,376)	\$ 82,324
	-----	-----	-----
FUND BALANCES AT BEGINNING OF YEAR	1,028,086	193,948	1,222,034
	-----	-----	-----
FUND BALANCES AT END OF YEAR	\$1,129,786	\$174,572	\$1,304,358
	=====	=====	=====

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana
GOVERNMENTAL FUND TYPE-GENERAL FUND

(Statement E)

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 1995

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 540,005	\$ 550,835	\$ 10,830
State funds:			
State revenue sharing	67,444	56,614	(10,830)
Grants received	3,738	3,738	-0-
Fees and charges for library services	9,109	9,109	-0-
Fines and forfeitures	5,988	5,988	-0-
Use of money and property- interest earnings	29,317	22,777	(6,540)
Other revenues	1,263	1,263	-0-
	-----	-----	-----
TOTAL REVENUES	\$ 656,864	\$ 650,324	\$ (6,540)
	-----	-----	-----
<u>EXPENDITURES</u>			
Culture and recreation:			
Personal services and related benefits	\$ 374,801	\$ 374,479	\$ 322
Operating services	101,182	99,346	1,836
Materials and supplies	35,089	35,089	-0-
Travel and other charges	13,141	10,046	3,095
Capital Outlay	93,380	93,379	1
	-----	-----	-----
TOTAL EXPENDITURES	\$ 617,593	612,339	\$ 5,254
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES OVER EXPENDITURES	\$ 39,271	\$ 37,985	\$ (1,286)
	-----	-----	-----
<u>OTHER FINANCING SOURCES</u>	NONE	NONE	NONE
	-----	-----	-----
EXCESS/(Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ 39,271	\$ 37,985	\$ (1,286)
	-----	-----	-----
FUND BALANCES AT BEGINNING OF YEAR	1,028,086	1,028,086	-0-
	-----	-----	-----
FUND BALANCES AT END OF YEAR	\$1,067,357	\$1,066,071	\$ (1,286)
	=====	=====	=====

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Martin Parish Library was established by the St. Martin Parish Police Jury, under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films. The library is governed by a board of control which is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without compensation.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the St. Martin Parish Police Jury is the financial reporting entity for St. Martin Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criterion for determining which component units should be considered part of the St. Martin Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to/or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements(Continued)

Because the police jury created the library, appoints members of the library's governing body, and has the ability to impose its will on the library, the library was determined to be a component unit of the St. Martin Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the library and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The library uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The library's current operations require only the use of governmental funds (General Fund, Capital Project Fund). Revenues of the General Fund include ad valorem taxes, state revenue sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund. Revenues of the Capital Project Fund consist of interest earnings. Additions and improvements to library facilities are paid from this fund.

**C. GENERAL FIXED ASSETS AND
LONG-TERM OBLIGATIONS**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. Fixed assets are valued at historical cost where available, or at estimated historical cost. No depreciation

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana
Notes to the Financial Statements(Continued)

has been provided on general fixed assets. Fixed assets acquired prior to 1995, have been reported in the financial statements of the St. Martin Parish Police Jury, under whose primary government financial statements the operations of the St. Martin Parish Library were reported prior to calendar year 1995.

Long-term obligations, such as compensated absences, that portion of which is expected to be financed from expendable available financial resources is reported as a liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for reporting all governmental funds types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The library uses the following practices in recognizing and reporting revenues and expenditures:

Revenues - Ad Valorem taxes and the related State Revenue Sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the library is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

ST. MARTIN PARISH LIBRARY
 St. Martinville, Louisiana
 Notes to the Financial Statements(Continued)

Substantially all other revenues are recorded when received. Based on the above criteria, ad valorem taxes, and state revenue sharing have been treated as susceptible to accrual.

Expenditures - generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGETARY PRACTICES

The Library utilizes the following budgetary practices:

Annually, the administrative librarian prepares a comprehensive operating budget for the General Fund on the cash basis of accounting. A budget hearing is held at least fifteen days prior to the beginning of each fiscal year for public participation. The budget is then legally adopted by the board of control and amended during the year as necessary. All budgetary appropriations lapse at the end of each fiscal year.

Formal budgetary integration and interim budget reporting practices are not employed by the Library. Budgeted amounts reported in the accompanying financial statements include original budget amounts and all subsequent amendments. Budgets were not prepared and adopted for the capital project fund. Capital project funds are excluded from the requirements of the Louisiana Local Government Budget Act, Louisiana Revised Statutes 39:1301-1314.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 30 days or less. Investments are stated at cost, which approximates market value. These investments consist wholly of time certificates of deposit which are fully secured through the pledge of bank-owned securities or federal deposit insurance. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The carrying amount of cash and cash equivalents are displayed on the combined balance sheet as follows:

	<u>Book Balance</u>
Demand Deposits	\$ 53,551
Investments, at cost(Time Deposits)	687,011

	\$ 740,562
	=====

ST. MARTIN PARISH LIBRARY
 St. Martinville, Louisiana
 Notes to the Financial Statements(Continued)

Deposits with banks are categorized to give an indication of the level of risk at December 31, 1996 as follows:

Federal insurance(FDIC)	\$ 740,562
Pledged Securities(Category 3)	-0-

	\$ 740,562
	=====

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Library's name. Even though the pledged securities are considered uncollateralized(Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand.

The Library may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of the Louisiana and national banks having their principal office in the State of Louisiana, an investment as stipulated in LSA-R.S. 39-1271, or any other federally insured investment. The monies which statutes permit the Library to invest are monies in any general fund or special fund of the Library which the Library determines to be available for investment and which are not specifically exempted or prohibited from investment under existing federal or state statutes.

G. COMPENSATED ABSENCES

Employees of the Library accrue unlimited amounts of annual and sick leave at varying rates according to years of service. Upon termination or resignation, unused annual leave up to a maximum of 30 days is paid to the employee at the employee's current rate of pay; however, all unused sick leave is forfeited. Upon retirement, all unused annual leave and a portion of unused sick leave (per formula of the Parochial Employees Retirement System) are used in the retirement benefit computation as earned service.

At December 31, 1996, employees of the Library had accumulated \$19,662 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded as a general long-term obligation in the accompanying financial statements.

N. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned " Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with

ST. MARTIN PARISH LIBRARY
 St. Martinville, Louisiana
 Notes to the Financial Statements(Continued)

generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Levied Taxes

The ad valorem tax millage levied by the library was 8.04 for the year ended December 31, 1995, and also 8.04 for the year ended December 31, 1996. Details of the parish's tax calendar are as follows:

Lien Date:	June 1, (Subsequent Year)
Levy Date:	August 5, (Current Year)
Due Date:	December 1, (Current Year)
Collection Date:	On or prior to December 1, (Current Year)

Total taxes levied were \$665,668 and \$738,850 for 1995 and 1996 respectively.

3. Receivables

The general fund receivables at December 31, 1996 are as follows:

<u>Class of Receivables</u>		
Taxes - ad valorem		\$738,850
Intergovernmental revenues - state grants - state revenue sharing (net)		40,777

Total		\$779,627
		=====

4. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture, Books, and Equipment</u>	<u>Total</u>
Balance at 1/1/95	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Additions-1995	-0-	6,768	109,413	116,181
Deletions-1995	-0-	-0-	-0-	-0-
	-----	-----	-----	-----
Balance at 12/31/95	\$ -0-	\$ 6,768	\$ 109,413	\$ 116,181
Additions-1996	7,050	2,477	121,205	130,732
Deletions-1996	-0-	-0-	-0-	-0-
	-----	-----	-----	-----
Balance at 12/31/96	\$ 7,050	\$ 9,245	\$ 230,618	\$ 246,913
	=====	=====	=====	=====

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements(Continued)

5. PENSION PLAN

All permanent employees of the Library who work at least 28 hours per week and are under the age of 60 at the time of employment are members of the Parochial Employees Retirement System of Louisiana. Members of the plan may retire with thirty years creditable service at any age, or at age 55 with twenty-five years of creditable service, or at age 60 with ten years creditable service. The retirement allowance is equal to 3% of the member's final average compensation, multiplied by his years of creditable service.

Covered employees are required to contribute 9.5% of their earnings to the plan, and the Library contributes at a rate which is actuarially determined annually, according to statutory process, and which is currently 7.25%. In addition to employee payroll deductions and Library contributions, the ex officio tax collector of the parish deducts one fourth of one percent of the aggregate amount of the tax shown to be collected for the parish, and remits the money to the retirement system on an annual basis. These remittances by the ex officio tax collector, and the Library's matching contributions are recorded as expenditures. Aggregate pension costs for the years ended December 31, 1995 and December 31, 1996 totaled approximately \$36,666 and \$40,973 respectively.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619.

6. Litigation and Claims

At December 31, 1996 the St. Martin Parish Library is not involved in any litigation, nor is it aware of any unasserted claims.

**Independent Auditors' Reports on Internal
Control and Compliance with Laws and Regulations**

The following independent auditors' reports on internal control structure and compliance with laws and regulations are presented in compliance with the requirements of Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

MARAIST & MARAIST

CERTIFIED PUBLIC ACCOUNTANTS

(A PARTNERSHIP OF PROFESSIONAL ACCOUNTING CORPORATIONS)

1411 N. MAIN STREET

ST. MARTINVILLE, LOUISIANA 70582

TELEPHONE: (318) 394-5571 • FAX: (318) 394-5572

CHARLES M. MARAIST, CPA *

REGINA B. MARAIST, CPA *

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MEMBERS
AMERICAN INSTITUTE OF
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SOCIETY OF
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Control
St. Martin Parish Library
St. Martinville, Louisiana

We have audited the accompanying component unit financial statements of the St. Martin Parish Library as of December 31, 1996 and for the two years then ended, and have issued our report thereon dated November 30, 1998.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing our audit of the component unit financial statements of the St. Martin Parish Library as of and for the two years ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the component unit financial statements and not to provide assurance on the internal control structure.

The management of the St. Martin Parish Library is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Board of Control
St. Martin Parish Library
St. Martinville, Louisiana

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

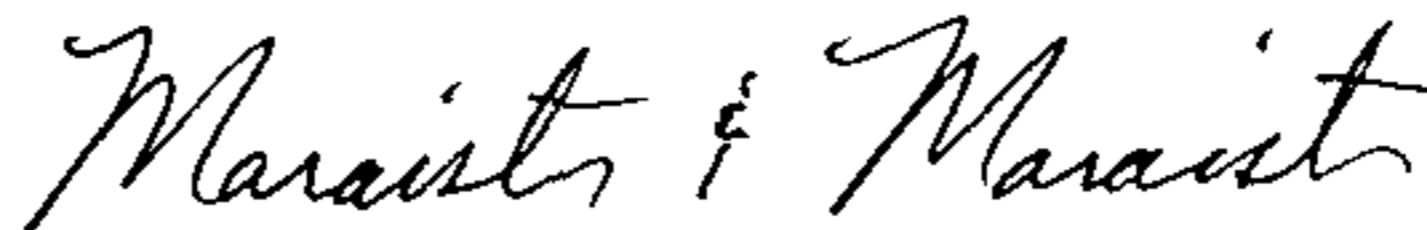
Cash and Petty Cash
Investments
Payroll and Related Expenses
Property and Equipment
Donated Materials, Facilities and Services
Debt and Other Liabilities
Fund Balances
Support, Program Service Fees, Revenues
and Receivables
Expenditures for Goods, Services
and Payables

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the St. Martin Parish Library in a separate letter dated November 30, 1998.

This report is intended solely for the information of the management, and the Board of Control of the St. Martin Parish Library. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



MARAIST AND MARAIST
CERTIFIED PUBLIC ACCOUNTANTS

November 30, 1998

MARAIST & MARAIST

CERTIFIED PUBLIC ACCOUNTANTS

(A PARTNERSHIP OF PROFESSIONAL ACCOUNTING CORPORATIONS)

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS
AND REGULATIONS BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Control
St. Martin Parish Library
St. Martinville, Louisiana

We have audited the component unit financial statements of the St. Martin Parish Library as of and for the two years ended December 31, 1996, and have issued our report thereon dated November 30, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the St. Martin Parish Library is the responsibility of the management of the St. Martin Parish Library. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of the St. Martin Parish Library's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management and the Board of Control of the St. Martin Parish Library. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Maraist & Maraist

MARAIST AND MARAIST
CERTIFIED PUBLIC ACCOUNTANTS

November 30, 1998

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MANAGEMENT LETTER

Board of Control
St. Martin Parish Library
St. Martinville, Louisiana

Dear Sirs:

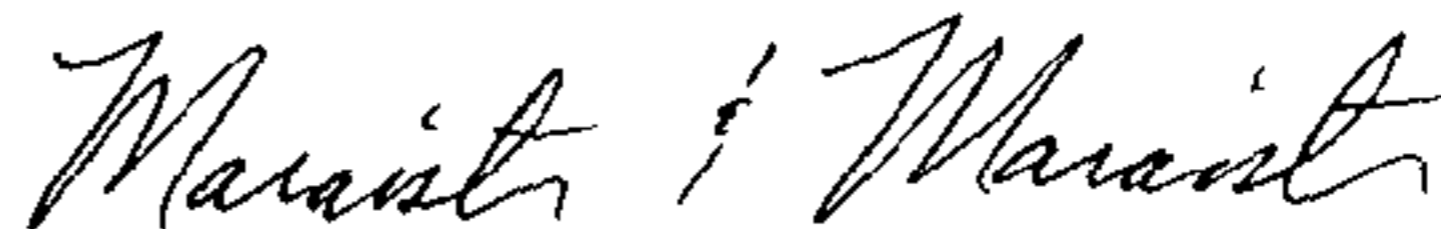
Our audit of the financial statements of the St. Martin Parish Library as of and for the two years ended December 31, 1996 revealed certain areas in which improvements in the accounting system and financial practices of the Library may be desirable. Therefore, the following improvements are submitted for your consideration.

1. Fixed asset accounting records, particularly regarding office equipment and furnishings, were not adequately detailed, either as to historical cost/estimated value, or current location, to facilitate completely adequate control over general fixed assets. It is recommended that movables at each library location be inventoried and cataloged, in order to insure specific identification of and control over all movable property.
2. Louisiana Revised Statute 24:513(A)(5)(a) provides that the audit of a Louisiana governmental entity or quasi-public agency must be completed and submitted to the Office of Legislative Auditor within six months of the close of the entity's fiscal year. For fiscal years ended December 31, 1995 and December 31, 1996, the Library is not in compliance with the express requirements of Louisiana Revised Statute 24:513(A)(5)(a) regarding timely submission of audit reports. This situation was precipitated by the fiscal separation of the St. Martin Parish Library from the St. Martin Parish Police Jury subsequent to fiscal year end December 31, 1994. At that time, the St. Martin Parish Police Jury was reporting on a bi-annual audit reporting frequency, which covered fiscal years ended December 31, 1994 and 1995. However, the operations of the St. Martin Parish Library were covered under the auspices of the St. Martin Parish Police Jury only for fiscal year 1994, and not for fiscal year 1995.

This deviation, coupled with the departure of the library director in October, 1995 and the subsequent nine-month search to hire a replacement director, leaving a management void, resulted in the failure of the library board to engage for the proper bi-annual audit period in a timely fashion.

It is recommended that the bi-annual audit reporting periods be defined in the board's by-laws or manual of procedure to be the two year period ending with December 31 of each even numbered year, and that provision be made to retain the services of an auditor at the 4th quarterly board meeting of each even numbered year.

We would like to express our appreciation to you and your staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing any of our recommendations, please feel free to contact us.



Maraist and Maraist
Certified Public Accountants

November 30, 1998



St. Martin Parish Library

December 14, 1998

Legislative Audit Advisory Council
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sirs:

Pursuant to the findings of our external auditors, Maraist & Maraist, CPA's, as detailed in the attached management letter dated November 30, 1998, we have met with the administrative staff of the St. Martin Parish Library to discuss the above referenced findings, and to implement the following administrative policy changes:


1. Item 1 of the attached management letter regards certain deficiencies in the fixed asset accounting system employed by the St. Martin Parish Library. In response to the management letter findings, the St. Martin Parish Library is currently in the process of conducting a detailed inventory of furniture, fixtures and equipment, which will henceforth be maintained on a perpetual inventory system, with physical inspection and updates to be undertaken annually, at each year fiscal year end.
2. Item 2 of the attached management letter cites a violation of Louisiana Revised Statute 24:513(A)(5)(a), in which the 1995/1996 financial statement audit was to be completed and submitted within six months of the close of the financial reporting period. This violation occurred due to the St. Martin Parish Library's move to fiscal autonomy and separation of financial reporting from the St. Martin Parish Police Jury, coupled with the resignation of the former library director to seek employment out of state. These events transpired virtually simultaneously, and the departing library director failed to communicate the specific audit reporting requirements (reporting periods and applicable due dates) to the Library Board of Control prior to her departure. It was not until a replacement director was hired some nine months later, and subsequent to her review and update of administrative files and correspondence, that the applicable

audit reporting period was determined, and the failure to timely engage for the 1995-1996 financial reporting period was disclosed to the board.

While in the past the St. Martin Parish Library Board of Control relied primarily on the expertise of the library director to insure compliance with applicable laws and regulations, we do acknowledge that the ultimate responsibility for compliance with Louisiana Revised Statute 24:513 lies with the Library Board of Control. We therefore have incorporated into our annual meeting agenda a permanent, recurring agenda item dealing with the annual financial report. This agenda item will be addressed prior to each year end, in order that timely arrangements can be made to engage for the preparation of the required annual or bi-annual financial reports.

We hope that our responses adequately address the specific concerns enumerated in the attached management letter dated November 30, 1998, and we will strive to identify other administrative practices where enhanced procedures might result in better internal control and increased efficiency.

Sincerely,


John A. Melancon, President
St. Martin Parish Library
Board of Control